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FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0596
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7064
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7381
RUEHKA/AMEMBASSY DHAKA PRIORITY 2712
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5424
RUEHLO/AMEMBASSY LONDON PRIORITY 6553
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3160
RUEHSA/AMEMBASSY PRETORIA PRIORITY 0267
RUEHCI/AMCONSUL KOLKATA PRIORITY 4696
RUEHGV/USMISSION GENEVA PRIORITY 2380
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3608
RHEFDIA/DIA WASHDC PRIORITY
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000732

SIPDIS

E.O. 12958: DECL: 07/06/2019
TAGS: [PREL](#) [PGOV](#) [PHUM](#) [KDEM](#) [NP](#)
SUBJECT: NEPAL: MAOIST THREATS SPARK ANGST, RUMORS

REF: A. KTM 726
[1](#)B. KTM 697

Classified By: Charge d' Affaires, a.i. Jeffrey Moon. Reasons 1.4 (b/d).

[1](#)1. (C) SUMMARY: Maoist Leader Dahal,s public and private statements that his party intends to topple the M.K. Nepal government have prompted speculation about the fallout from Maoist demonstrations scheduled to begin on August 7. Discussions between Maoists and Nepali Congress (NC) leaders have sparked rumors that those parties might join forces to establish a new government. There is also speculation India is working behind the scenes to get a pro-Indian Maoist Prime Minister installed. END SUMMARY.

MAOIST INTENTIONS

[1](#)2. (U) The Maoists have promised to kick-off a one-month schedule of escalating protests on August 7 (reftel A). The party's stated goal is to force a discussion in the Constituent Assembly (CA) of the President's reinstatement of COAS General Katawal. Meanwhile, former Maoist Prime Minister Pushpa Kamal Dahal (aka Prachanda) gave a speech August 4 in his Constituent Assembly (CA) district saying the current government was "like an eclipse in Nepali politics and will vanish on its own."

[1](#)3. (C) Dahal's private comments appear to confirm Maoist intentions to bring down M.K. Nepal's government. Jeetendra Narayan Dev, spokesperson for a government coalition party--Madhesi People's Right's Forum (MPRF), told Emboff he was in a meeting with Dahal on August 5. Dahal told the group there were only two options--M.K. Nepal steps down, or the Maoists hold protests for the next four to five months, presumably with the goal of paralyzing the capital.

[1](#)4. (U) The government is apparently taking the threat seriously. According to press reports confirmed by post, M.K. Nepal called a meeting of all 22 coalition parties to discuss the government's response to the Maoist threats. It is unclear how the government will decide, as the meeting is underway as of this writing.

NEPALI CONGRESS - MAOIST NEGOTIATIONS

[1](#)5. (C) During the past week, G.P. Koirala, Nepali Congress

(NC) party leader, held meetings with Dahal regarding the creation of a high-level political working group, which would be tasked with breaking disputes on key issues in the peace process and constitution development. Post has heard multiple unconfirmed rumors that during these meetings Koirala and Dahal also discussed creating a coalition government led by the NC and the Maoists. Narayan Dev said Dahal claimed he did not want to be PM, but that the job must go to a Maoist.

INDIAN INFLUENCE

16. (C) Narayan Khadka, a senior Nepali Congress party leader and CA member, told Charge on August 4 that he took the Maoist threat of demonstrations seriously and believed that India was encouraging the ouster of M.K. Nepal. Khadka thought the Indians favored the establishment of a new government under a Maoist Prime Minister who is sympathetic to Indian interests. According to Khadka, the Indians do not trust former Prime Minister Dahal, who they regard as too close to China, and are thus pressing for another Maoist leader to head the new government. Former Maoist Finance Minister Baburam Bhattarai would be an appropriate candidate, but the Indians reportedly fear that his elevation would encourage suspicions of Indian influence. Khadka thus believed that India was pressing behind the scenes for a moderate, second-tier Maoist leader to assume the Prime Minister position.

COMMENT

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17. (C) Demonstrations and rumors of a new government in the works are nothing new, but Dahal,s public and private statements and the announced schedule of protests are increased cause for concern. If the Maoist threat of demonstrations is more than bluster, M.K. Nepal,s government may soon face its most significant test to date.
MOON